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EXAMINER
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GREGG, MARY M

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3694

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10/14/2009

PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/583,222	<b>Applicant(s)</b> JACOBS, LESLIE L.	
	<b>Examiner</b> MARY GREGG	<b>Art Unit</b> 3694	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 16 June 2009.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-30 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-30 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)            | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | Paper No(s)/Mail Date. _____                                      |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>01/29/2009</u> .  | 6) <input type="checkbox"/> Other: _____                          |

### **DETAILED ACTION**

1. The following is a Final Office Action in response to communications received June 16, 2009. Claims 1, 18, 23 and 25 have been amended. No new claims have been added. Therefore, claims 1-30 are pending and addressed below.

#### ***Response to Amendments/Arguments***

##### *Claim Objections*

2. Applicant's arguments, see page 10, filed June 16, 2009, with respect to Claims 9-10 and 16-17 have been fully considered and are persuasive. The objections of Claims 9-10 and 16-17 has been withdrawn.

Applicant's arguments filed June 16, 2009 with respect to claims 23-24 have been fully considered but they are not persuasive. Claims 23-24 depend upon claim 18 which is directed toward an apparatus comprising processors, memory storing instructions so that the processors perform instructions, Claims 23-24 are directed toward data that is non-functional descriptive subject matter. Defining data that is not acted upon does not limit the apparatus either by structure or by function. The objection is maintained.

##### *Claim Rejections - 35 USC § 112*

3. Applicant's amendments with respect to claims 1-10, 11-17, 18-24 and 26-30 are sufficient to overcome the rejections set forth in the previous Office Action for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The rejection is withdrawn.

Applicant's amendments with respect to claim 25 is sufficient to overcome the rejections set forth in the previous Office Action for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The rejection is withdrawn.

*Claim Rejections - 35 USC § 101*

4. Applicant's amendments with respect to claims 1-10 and 25-30 are sufficient to overcome the rejections set forth in the previous Office Action for being directed toward non-statutory subject matter. The rejection is withdrawn

Applicant's amendments with respect to claims 11-17 and 23 are sufficient to overcome the rejections set forth in the previous Office Action for being directed toward non-statutory subject matter. The rejection is withdrawn.

*Claim Rejections - 35 USC § 103*

5. Applicant's arguments filed June 16, 2009 have been fully considered but they are not persuasive. In the remarks the applicant argue (1) the prior art US Patent No. 7,181,422 by Philip ('422) does not teach "selecting segment(s) from each of a plurality of streams of expected payments of the types...wherein the segments correspond to a first time period having a first duration that is less than a second time period" (2) the prior art '422 fails to teach parsing each of the streams of expected payments into segments where the segments correspond to a first time period that is shorter than a second time period over which at least one of the streams of expected payments is expected to extend (3) the prior art '422 fails to teach intellectual property assets (4) the prior art '422 fails to teach selecting segments of the type of expected payments recited

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in the claim (i.e. payments that are to satisfy a plurality of obligations to provide payments to a holder of one or more rights to receive payments in exchange for transfers of interest in intellectual property assets) (5) that the combination '422 in view of US Pub No. 2002/0099637 ('637) fails to teach "selecting ...segments or identifying ..portions... corresponding to the one or more segments.."(6) claims 6-10, 16-18, 23-24 and 27-30 and 2, 12, 19 and 25-26 are dependent upon claims 1, 11 and 18 and the arguments above apply to the dependent claims (7) the prior art '422 fails to teach an identified period, selecting a segment from each of a plurality of expected streams of payments, said segment being of a duration that is shorter than that of at least one of the plurality of expected streams of payments.

In response to argument (1) the prior art US Patent No. 7,181,422 by Philip ('422) does not teach "selecting segment(s) from each of a plurality of streams of expected payments of the types...wherein the segments correspond to a first time period having a first duration that is less than a second time period", the examiner respectfully disagrees. The prior art '422 explicitly teaches selecting segments from plurality of streams of expected payment types (see in at least Col 1 lines 33-44 wherein the type is principal only, interest only, hierarchy of risk, Col 3 lines 38-45, Col 4 lines 4-11) The prior art further teaches explicitly "segments correspond to a first time period having a first duration that is less than a second time period (see in at least Col 4 lines 4-15, wherein the tranche (segment) based upon 6 month history, 80% paid under 40 days, (see table Col 9 wherein the prior art teaches security type, maturity date), Col 4

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lines 20-55 wherein the prior art teaches senior and multiple tranches which implies different purchase and maturity dates). The examiner maintains the rejection.

In response to argument (2) the prior art '422 fails to teach parsing each of the streams of expected payments into segments where the segments correspond to a first time period that is shorter than a second time period over which at least one of the streams of expected payments is expected to extend, the examiner respectfully disagrees. The prior art teaches explicitly of structuring custom tranches to a specified set of characteristics and teaches purchasing accounts receivables (i.e. payment streams) (see in at least Col 4 lines 4-15, wherein the tranche (segment) based upon 6 month history, 80% paid under 40 days, which teaches at least two separate time segment periods (see table Col 9 wherein the prior art teaches security type, maturity date), Col 4 lines 20-55 wherein the prior art teaches senior and multiple tranches which implies different purchase and maturity dates, see table). The examiner maintains the rejection.

In response to argument (3) the prior art '422 fails to teach intellectual property assets. In the prior Office Action the examiner explicitly acknowledged that '422 did not teach "intellectual property assets", and for therefore combined '422 with '637 which does teach "intellectual property assets". The prior art explicitly teaches "financial asset can be any promise of future flow of money" (see in at least col 1 lines 7-9). Intellectual property assets are a financial asset is a promise of future flow of money, and would have been obvious to substitute one financial asset for another. The examiner maintains the rejection.

In response to argument (4) the prior art '422 fails to teach selecting segments of the type of expected payments recited in the claim (i.e. payments that are to satisfy a plurality of obligations to provide payments to a holder of one or more rights to receive payments in exchange for transfers of interest in intellectual property assets), the examiner respectfully disagrees. The prior art '422 explicitly teaches selecting segments from plurality of streams of expected payment types (see in at least Col 1 lines 33-44 wherein the type is principal only, interest only, hierarchy of risk, Col 3 lines 38-45, Col 4 lines 4-11). The prior art '422 in view of '637 explicitly teach payment streams from financial assets in interest in intellectual property assets (see '637 para 0004). The rejection is maintained.

In response to argument (5) that the combination '422 in view of US Pub No. 2002/0099637 ('637) fails to teach "selecting ...segments or identifying ..portions... corresponding to the one or more segments...", the examiner respectfully disagrees. In at least Col 3 lines 36-47 the prior art '422 explicitly teaches defined rules for tranche segments and teaches in Col 4 custom structuring of tranches based upon specified characteristics. Col 9 teaches indexing tranches which is an explicit teaching of identifying portions responding to one or more segments. The examiner maintains the rejection.

In response to argument (6) claims 6-10, 16-18, 23-24 and 27-30 and 2, 12, 19 and 25-26 are dependent upon claims 1, 11 and 18 and the arguments above apply to the dependent claims, see response to arguments 1-5.

In response to argument (7) the prior art '422 fails to teach an identified period, selecting a segment from each of a plurality of expected streams of payments, said segment being of a duration that is shorter than that of at least one of the plurality of expected streams of payments, the examiner respectfully disagrees. The prior art teaches explicitly of structuring custom tranches to a specified set of characteristics and teaches purchasing accounts receivables (i.e. payment streams) (see in at least Col 4 lines 4-15, wherein the tranche (segment) based upon 6 month history, 80% paid under 40 days, which teaches at least two separate time segment periods (see table Col 9 wherein the prior art teaches security type, maturity date), Col 4 lines 20-55 wherein the prior art teaches senior and multiple tranches which implies different purchase and maturity dates, see table; see FIG. 4, wherein the prior art teaches payment schedule see Col 7 lines 58-Col 8 lines 10). The examiner maintains the rejection.

***Official Notice***

6. Applicant(s) attempt at traversing the Official Notice findings as stated in the previous Office Action (Paragraph No. 11) is inadequate. Adequate traversal is a two step process. First, Applicant(s) must state their traversal on the record. Second and in accordance with 37 C.F.R. §1.111(b) which requires Applicant(s) to specifically point out the supposed errors in the Office Action, Applicant(s) must state why the Official Notice statement(s) are not to be considered common knowledge or well known in the art. In this application, while Applicant(s) have clearly met step (1), Applicant(s) have failed step (2) since they have failed to argue why the Official Notice statement(s) are not to be considered common knowledge or well known in the art. Because Applicant(s)'



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traversal is inadequate, the Official Notice statement(s) are taken to be that with respect to securities that generate income that it is old and well known to monitor and benchmark earnings over time periods in order to make decisions on investment management (buy, hold and sell) are taken to be admitted prior art. See MPEP §2144.03.

***Claim Rejections - 35 USC § 103***

7. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

8. **Claims 1, 6-11, 16-18, 23-24 and 27-30 are rejected under 35 U.S.C. 103(a) as being unpatentable over US Patent 7,181,422 B1 by Philip et al (Phili) and in view of US Pub No. 2002/0099637 A1 by Wilkinson et al. (Wilk)**

In reference to Claim 1:

(Currently Amended) A method, comprising: electronically selecting on one or more processors one or more segments of each of a plurality of streams of expected payments that are to satisfy a plurality of obligations ((Phil) FIG. 6; para Col 1 lines 6-9, 32-40, 44-46, 60-62, Col 4 lines 4-8, 11-16, 20-24, Col 5 lines 35- 41 ) to provide payments to a holder of one or more rights to receive such payments in exchange for transfers of interests in ...property assets, said segments corresponding to a first time period having a first duration that is less than a second duration of a second time period

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over which at least one of the streams of expected payments is expected to extend, wherein said one or more segments are selected such that a first total amount of expected payments associated with said one or more segments satisfies one or more criteria; and electronically identifying on one or more processors one or more portions of said one or more rights for transfer to an entity, said one or more portions corresponding to the one or more segments that correspond to the first time period, ((Phil) Col 1 lines 33-37; wherein interest are defined, Col 3 lines 37-40, Col 4 lines 4-8, 11-16) said one or more portions that are identified being transferred apart from at least one remaining portion of at least one of said one or more rights ((Phil) Col 1 lines 32-37, Col 6 lines 47-54)

Phil does not explicitly teach:

...one or more intellectual property assets.....

Wilk teaches:

...one or more intellectual property assets...((Wilk) FIG. 1; para 0004; wherein the prior art teaches securitization of IP assets.

Phil teaches explicitly of creating tranches from an underlying asset. Tranches are multi-class securities where an asset is broken into multiples segments (tranches). They represent the underlying asset by separate certificates. Tranches are formed when an asset becomes a pool of interest to be sold (i.e. securitization of an asset) rather than selling the underlying asset. Although IP assets are not taught explicitly by Phil, the prior art teaches a "financial asset can be any promise of future flow of money" ((Phil) Col 1 lines 7-9) instead of selling an underlying assets. Wilk teaches securitizing

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IP and creating financial instruments from IP assets ((Wilk) para 0006, 0007).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to simply substitute one known element for another to obtain predictable results

In reference to Claim 6:

The combination teaches:

(Original) The method defined in claim 1 (see rejection of claim above), further comprising the act of transferring said one or more portions of one or more of said rights to an entity (fund) ((Phil) Col 5 lines 35-42, Col 4 lines 49-55, Col 7 lines 35-41) Rights (right to sell, right to vote, right to receive payment, etc) with respect to derivatives or tranches are old and well known. Although not explicit with respect to rights the prior art teaches the investor receiving payment on the tranche or derivative which inherently is a right.

In reference to Claim 7:

The combination teaches:

(Original) The method defined in claim 1 (see rejection of claim 1 above), wherein said entity is a special purpose vehicle ((Phil) Col 4 lines 49-55)

In reference to Claim 8:

The combination teaches:

(Original) The method defined in claim 7 (see rejection of claim 7 above), wherein said special purpose vehicle is one that facilitates an issuance of securities

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backed by said one or more portions of one or more of said plurality of rights ((Phil) Col 4 lines 10-15, 44-47, 59-65, Col 7 lines 35-41).

In reference to Claim 9:

The combination teaches:

(Original) The method defined in claim 1 (see rejection of claim 1 above), wherein said payments are royalty payments ((Wil) para 0078) (see rationale supporting obviousness and motivation to combine of claim 1 above)

In reference to Claim 10:

(Original) The method defined in claim 1 (see rejection of claim 1 above), wherein said rights are contractual rights ((Phil) Col 7 lines 35-41)

With respect to the said rights being contractual rights, the payment rights of claim 1 with respect to tranches inherently are contractual rights.

In reference to Claim 11:

(Original) The machine of Claim 11 corresponds to the method of Claim 1, therefore, machine of Claim 11 has been analyzed and rejected as per previously discussed with respect to Claim 1. The feature in claim 11 that is separate from claim 1 is the computer readable medium carrying instructions ((Phil) Claim 17).

In reference to Claims 16 and 17:

The machine of Claims 16 and 17 corresponds to the method of Claims 9 and 10 respectively, therefore, the machine of Claims 16 and 17 have been analyzed and rejected as per previously discussed with respect to Claims 9 and 10. The feature in

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claims 16 and 17 that is separate from claims 9 and 10 is the computer readable medium carrying instructions ((Phil) Claim 17).

In reference to Claim 18:

The system of Claim 18 corresponds to the method of Claim 1, therefore, system of Claim 18 has been analyzed and rejected as per previously discussed with respect to claim 1. The feature in claim 18 that is separate from claim 1 is processors coupled to a memory ((Phil) FIG. 2)

In reference to Claims 23 and 24:

The system of Claims 23 and 24 corresponds to the method of Claim 9 and 10 respectively, therefore, system of Claim 23 and 24 has been analyzed and rejected as per previously discussed with respect to claims 9 and 10. The feature in claim 23 and 24 that is separate from claim 1 is processors coupled to a memory ((Phil) FIG. 2)

In reference to Claim 27:

(Original) The method of claim 1 (see rejection of claim 1 above), further comprising: determining the one or more criteria ((Phil) Col 3 lines 48-60, Col 4 lines 10-15)

In reference to Claim 28:

(Original) The method of Claim 28 corresponds to the method of Claim 6, therefore, system of Claim 28 has been analyzed and rejected as per previously discussed with respect to claim 6.

In reference to Claim 29:

The combination teaches:

(Original) The method of claim 1 (see rejection of claim 1 above), further comprising entering an agreement to transfer the identified portion of said at least one right ((Phil) Fig. 3, FIG. 5, Fig. 6; Col 4 lines 44-48, Col 5 lines 35-42, Col 6 lines 46-55, Col 7 lines 35-40, Col 7 lines 35-41).

In reference to Claim 30:

The combination teaches:

(Original) The method of claim 1 (see rejection of claim above), further comprising: transferring the identified portion of said at least one right ((Phil). Fig. 3, FIG. 5, Fig. 6; Col 4 lines 44-48, Col 5 lines 35-42, Col 7 lines 35-40).

**9. Claims 2, 12, 19 and 25-26 are rejected under 35 U.S.C. 103(a) as being unpatentable over US Patent 7,181,422 B1 by Philip et al (Phili); in view of US Pub No. 2002/0099637 A1 by Wilkinson et al. (Wilk); as applied to claim 1 above with respect to claims 2 and 26, as applied to claim 11 above with respect to claim 12, as applied to claim 18 above with respect to claim 19, and in view of US Pub No. 2002/0138299 A1 by Nations (Nat)**

In reference to Claim 2:

The combination teaches:

(Original) The method defined in claim 1 (see rejection of claim 1 above), wherein a plurality of segments of the plurality of streams of expected payments ... said plurality of portions corresponding to the plurality of segments, said plurality of portions being identified for transfer apart from at least one remaining portion of at least one of said one or more rights ((Phil) Col 1 lines 32-37, Col 6 lines 47-54)

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The combination does not explicitly teach:

...are selected from a plurality of time periods including said first time period, wherein each of said plurality of time periods corresponds to at least one of said plurality of segments, and wherein a plurality of portions of said one or more rights are identified for transfer to an entity...

Nat teaches:

...are selected from a plurality of time periods including said first time period, wherein each of said plurality of time periods corresponds to at least one of said plurality of segments, and wherein a plurality of portions of said one or more rights are identified for transfer to an entity...((Nat)FIG. 1, FIG. 2; para 0045, para 0047, para 0051, para 0054, para 0060, para 0069, para 0079, para 0083; wherein buy and sell strategies are determines per time period on different tranch segments (current and preceding tranches); (Wilk) para 0055).

Both the combination and Nat are directed toward creating tranches with respect to underlying assets. Nat teaches the feature of tranches segregated into periodic tranches that have separate features from a tranch created or maturing in a different time period. Nat teaches the motivation of creating periodic tranches in order to reduce risk and optimize returns in buying/selling. The combination teaches periodic payment streams wherein the payment streams have waterfall payments (surplus and deficit) where the senior tranches are paid first on the surplus and the losses are applied in reverse order. Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teaching of Nat for protective strategies to

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reduce risk and optimize returns with the waterfall teachings of the combination with respect to tranches

In reference to Claim 12:

The combination teaches:

The machine of Claim 12 corresponds to the method of Claim 2, therefore, machine of Claim 12 has been analyzed and rejected as per previously discussed with respect to Claim 2.

In reference to Claim 19:

The system of Claim 19 corresponds to the method of Claim 2, therefore, system of Claim 19 has been analyzed and rejected as per previously discussed with respect to claim 2.

In reference to Claim 25:

Phil teaches:

(Currently Amended) A method, comprising:..., electronically selecting one or more processors a segment from each of a plurality of expected streams of payments, said segment being of a duration that is shorter than that of at least one of the plurality of expected streams of payments, each of the expected stream of payments to satisfy at least one obligation to provide payments to a holder of at least one right to receive such payments in exchange for a transfer of at least one interest in at least one an... asset, each segment corresponding to the selected time period, and being selected such that a total amount of payments associated with each said segment satisfies one or more predetermined criteria ((Phil) FIG. 6; para Col 1 lines 6-9, 32-40, 44-46, 60-62, Col 4



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lines 4-8, 11-16, 20-24, Col 5 lines 35-41 ); and offering to transfer to an entity, an identified portion of said at least one right, said identified portion corresponding to the..., said identified portion being distinct from a remaining portion of said at least one obligation((Phil) Col 1 lines 32-37, Col 6 lines 47-54)

Phil suggest but does not teach explicitly:

... for an identified time period..., intellectual property..., identified time period... see in at least Col 4 lines 4-15, wherein the tranche (segment) based upon 6 month history, 80% paid under 40 days, (see table Col 9 wherein the prior art teaches security type, maturity date), Col 4 lines 20-55 wherein the prior art teaches senior and multiple tranches which implies different purchase and maturity dates).

Nat teaches:

... for an identified time period..., identified time period ((Nat) para 0014, para 0015)

Wilk teaches:

...intellectual property...

With respect to the type of pooled asset, Intellectual property, Phil teaches explicitly of creating tranches from an underlying asset. Tranches are multi-class securities where an asset is broken into multiples segments (tranches). They represent the underlying asset by separate certificates. Tranches are formed when an asset becomes a pool of interest to be sold (i.e. securitization of an asset) rather than selling the underlying asset. Although IP assets are not taught explicitly by Phil, the prior art teaches a "financial asset can be any promise of future flow of money" ((Phil) Col 1 lines

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7-9) instead of selling an underlying assets. Wilk teaches securitizing IP and creating financial instruments from IP assets ((Wilk) para 0006, 0007). Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to simply substitute one known element for another to obtain predictable results.

Both the combination and Nat are directed toward creating tranches with respect to underlying assets. Nat teaches the feature of tranches segregated into periodic tranches that have separate features from a tranche created or maturing in a different time period. Nat teaches the motivation of creating periodic tranches in order to reduce risk and optimize returns in buying/selling. The combination teaches periodic payment streams wherein the payment streams have waterfall payments (surplus and deficit) where the senior tranches are paid first on the surplus and the losses are applied in reverse order. Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teaching of Nat for protective strategies to reduce risk and optimize returns with the waterfall teachings of the combination with respect to tranches.

In reference to Claim 26:

The combination, Phil and Nat, teaches:

(Original) The method of claim 1 (see rejection of claim 1 above), further comprising: ... The combination does not explicitly teach:

...determining the time period

Nat teaches:

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...determining the time period...((Nat)FIG. 1, FIG. 2; para 0045, para 0047, para 0051, para 0054, para 0060, para 0069, para 0079, para 0083; wherein buy and sell strategies are determines per time period on different tranch segments (current and preceding tranches); (Wilk) para 0055).

Both the combination and Nat are directed toward creating tranches with respect to underlying assets. Nat teaches the feature of tranches segregated into periodic tranches that have separate features from a tranch created or maturing in a different time period. Nat teaches the motivation of creating periodic tranches and targeting time periods in order to reduce risk and optimize returns in buying/selling. The combination teaches periodic payment streams wherein the payment streams have waterfall payments (surplus and deficit) where the senior tranches are paid first on the surplus and the losses are applied in reverse order. Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teaching of Nat for protective strategies to reduce risk and optimize returns with the waterfall teachings of the combination with respect to tranches.

**10. Claim 3, 5, 13, 15, 20 and 22 are rejected under 35 U.S.C. 103(a) as being unpatentable over US Pub No. Patent No. 7,181,422 B1 by Philip et al (Phil) and in view of US Pub No. 2002/0099637 A1 by Wilkinson et al. (Wilk), as applied to claim 1 above with respect to claims 3 and 5, as applied to claim 11 above with respect to claims 13 and 15, as applied to claim 18 above with respect to claims 20 and 22, and further in view of Appellant's admitted prior art herein referred to as APA**

In reference to Claim 3:

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The combination, Phil and Wilk, teaches:

(Original) The method defined in claim 1 (see rejection of claim 1 above), ...

The combination does not explicitly teach:

...wherein satisfaction of said one or more criteria requires that the first total amount of expected payments exceed a predetermined amount in said first time

Wilk teaches:

...wherein satisfaction of said one or more criteria requires that the first total amount of expected payments (earnings per share and investment objectives/strategy) exceed a predetermined amount in said first time ((Wilk) FIG. 2; para 0012, para 0055, para 0108, para 0114 lines 13-16, para 0129, para 0130, para 0147 lines 5-10)

The combination teaches asset rating with respect to cash flow waterfall and historical asset performance. Whereas Wilk teaches explicitly of periodic evaluation. Wilk teaches of determining investment objectives ((Wilk) para 0147) and utilizing any tools and techniques to evaluate the investment. APA teaches that with respect to securities that generate income it is old and well known to monitor and benchmark earnings over time periods in order to make decisions on investment management (buy, sell or hold). Therefore, as the combination teaches rating payment flows and historical data it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of the combination with APA in order to implement the old and well known practice of monitoring revenues generated with respect to a benchmark or market comparison over specific time periods to make decision on investment management.

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In reference to Claim 5:

The combination Phil and Wilk teach:

(Original) The method defined in claim 1 (see rejection of claim 1 above), wherein satisfaction of said one or more criteria ...

The combination suggest but does not explicitly teach:

...requires that the first total amount of expected payments fall within a predetermined range of expected payments to be received in said first time period ...requires that the first total amount of expected payments fall within a predetermined range of expected payments (earnings per share and investment objectives/strategy) to be received in said first time period ((Wilk) FIG. 2; para 0012, para 0055, para 0108, para 0114 lines 13-16, para 0129, para 0130, para 0147 lines 5- 10)

Although the combination is not explicit with respect to criteria requires total amount of payments fall in a predetermined range in a first time period. Wilk teaches of determining investment objectives and tracking performance of the investment vehicle ((Wilk) para 0147) and utilizing any tools and techniques to evaluate the investment. APA teaches that with respect to securities that generate income it is old and well known to monitor and benchmark earnings over time periods in order to make decisions on investment management (buy, sell or hold). Therefore as the prior art teaches rating payment flows and investment management which suggest recommendation for action with respect to the asset it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of the combination with APA in order to implement the old and well known practice of monitoring revenues generated with

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respect to a benchmark or market comparison over specific time periods to make decision on investment management.

In reference to Claim 13:

The combination teaches:

The machine of Claim 13 corresponds to the method of Claim 3, therefore, machine of Claim 13 has been analyzed and rejected as per previously discussed with respect to Claim 3.

In reference to Claim 15:

The machine of Claim 15 corresponds to the method of Claim 5, therefore, machine of Claim 15 has been analyzed and rejected as per previously discussed with respect to Claim 5.

In reference to Claim 20:

The system of Claim 20 corresponds to the method of Claim 3, therefore, system of Claim 20 has been analyzed and rejected as per previously discussed with respect to claim 3.

In reference to Claim 22:

The system of Claim 22 corresponds to the method of Claim 5, therefore, system of Claim 22 has been analyzed and rejected as per previously discussed with respect to claim 5.

**11. Claims 4, 14 and 21 are rejected under 35 U.S.C. 103(a) as being unpatentable over US No. Patent No. 7,181,422 B1 by Philip et al (Phil) and in view of US Pub No. 2002/0099637 A1 by Wilkinson et al. (Wilk), and applicant's**

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**admitted prior art herein referred to as APA as applied to claims 1 and 3 above with respect to claim 4, as applied to claims 11 and 13 above with respect to claim 14, as applied to claims 18 and 20 with respect to claim 21, and further in view of US Pub No. 2005/0097022 A1 by Silman (Sil).**

In reference to Claim 4:

The combination teaches:

(Original) The method defined in claim 3 (see rejection of claim 3 above), wherein satisfaction of said one or more criteria...

The combination does not explicitly teach:

... requires that the first total amount of expected payments be closest to said predetermined amount relative to a second total amount of expected payments.

Sil teaches:

... requires that the first total amount of expected payments be closest to said predetermined amount relative to a second total amount of expected payments ((Sil) FIG. 1A-1C; para 0031 lines 5-10, para 0058, para 0061, para 0064).

Both the combination and Sil are directed toward raising capital for new investment products and setting evaluating the investments over specific periods. Although Sil teaches a preferred embodiment with respect to startup entertainment investments, Sil does not limited the invention from teach typical startup enterprises ((Sil) para 0012, para 0053) and teaches issuing stock and setting up purchase derivative options where the investors have segmented rights ((Sil) para 0020, para 0022). Sil teaches the motivation of setting up milestones criteria with respect to start up

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enterprises before allocating additional funds in order to protect the investor from investment risk. The combination is also directed toward new asset creation, therefore known work in one field of endeavor may prompt variations of it for use in either the same field or a different one based on design incentives or other market forces if the variations are predictable to one of ordinary skill in the art; would have been obvious to one of ordinary skill in the art at the time of the invention

In reference to Claim 14:

The Machine of Claim 14 corresponds to the method of Claim 4, therefore, machine of Claim 14 has been analyzed and rejected as per previously discussed with respect to Claim 4.

In reference to Claim 21:

The system of Claim 21 corresponds to the method of Claim 4, therefore, system of Claim 21 has been analyzed and rejected as per previously discussed with respect to claim 4

***Conclusion***

12. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. US Patent No. 7,003,484 B2 by Keyes et al is cited for teaching sampling portfolio.

13. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).



A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

14. Any inquiry concerning this communication or earlier communications from the examiner should be directed to MARY GREGG whose telephone number is (571)270-5050. The examiner can normally be reached on 4/10.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Trammell can be reached on 5712726712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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15. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/M. G./  
Examiner, Art Unit 3694

/James P Trammell/  
Supervisory Patent Examiner, Art Unit 3694